

# Executive Summary Report

**Appraisal Date 1/1/05 - 2005 Assessment Roll**

**Specialty Name:** Lake Union – Shilshole Waterfront Properties (Area 12)

## **Sales – Improved Analysis Summary:**

Number of Sales: 6

Range of Sales Dates: 1/02 - 12/04

## **Sales – Ratio Study Summary:**

	Mean Assessed Value	Mean Sale Price	Ratio	COV*
<b>2004 Value</b>	\$3,261,400	\$3,193,000	1.021	30.4%
<b>2005 Value</b>	\$3,297,300	\$3,193,000	1.033	10.17%
<b>Change</b>	\$35,900		+0.012	-20.23%
<b>% Change</b>	+1.10%		+1.18%	-66.55%

\*COV is a measure of uniformity, the lower the number the better the uniformity. The negative figures of -20.23% and -66.55% represent an improvement.

Sales used in Analysis: All sales verified as good were included in the analysis.

## **Total Population - Parcel Summary Data:**

	Land	Imps	Total
<b>2004 Value</b>	\$1,597,344,700	\$232,666,900	\$1,830,011,600
<b>2005 Value</b>	\$1,794,634,600	\$231,320,800	\$2,025,969,400
<b>Percent Change</b>	+12.35%	-.58%	+10.71%

Number of Parcels in the Population: 310

## **Conclusion and Recommendation:**

The total number of the sales sample is noted to be low for standard regression analysis, however since the values recommended in this report improve uniformity and equity, we recommend posting them for the 2005 Assessment Roll.

## **Analysis Process:**

### ***Highest and Best Use Analysis***

**As if vacant:** Market analyses of the area, together with current zoning and current and anticipated use patterns, indicate the highest and best use of the land.

**As if improved:** Based on neighborhood trends, both demographic and current development patterns, the existing buildings represent the highest and best use of most sites. The existing use will continue until land value, in its highest and best use, exceeds the sum of value of the entire property in its existing use and the cost to remove the improvements. We find that the current improvements do add value to the property, in most cases, and therefore are the highest and best use of the property as improved. In those properties where the property is not at its highest and best use a token value of \$1,000 is assigned to the improvements.

### ***Special Assumptions, Departures and Limiting Conditions***

The sales comparison, income and cost approaches to value were considered for this mass appraisal valuation.

The following Departmental guidelines were considered and adhered to:

- ✚ Sales from 1/2002 to 12/2004 (at minimum) were considered in the analyses.
- ✚ No market trends (market condition adjustments, time adjustments) were applied to sales prices. Models were developed without market trends. The utilization of multiple years of market information without time adjustments averaged any changes over that time period.
- ✚ This report intends to meet the requirements of the Uniform Standards of Professional Appraisal Practice, Standard 6.

### ***Identification of the Area***

**Description & Boundaries:** The Waterfront Specialty area primarily includes the commercially zoned and used waterfront properties located from Portage Bay to Shilshole including the Lake Union and Ballard waterfront neighborhoods. The Elliott Bay Marina and adjacent Pier 90/91 properties are also included. Residential use properties, including houseboats are not included within this specialty.

**Maps:** A GIS map of the entire area is included in this report. More detailed Assessor's maps are located on the 7th floor of the King County Administration Building.

### ***Physical Inspection Area***

55 properties located on the east and south sides of Lake Union were reviewed for the physical inspection of this revalue.

### ***Preliminary Ratio Analysis***

A Preliminary Ratio Study was done June 2005.

The study including sales of improved parcels was performed and showed a COV of 30.4%.

A Ratio Study was completed after deriving the 2005 assessment year values. The results are included in the validation section of this report and show an improvement in the COV from the previous rate of 30.4% to a new rate of 10.17%.

## **Land Value:**

### ***Land sales, analysis, conclusion***

The land valuation consisted of a review of all vacant land sales within Area 12 between 1/2002 through 12/2004. Additional consideration was given to the adjacent upland neighborhood sales with similar zoning. One new market waterfront land sale was known to have occurred during this period and selling above the 2004 assessed value. Sale prices of improved waterfront parcels further suggest the land within this specialty area has increased in value.

Properties within this Waterfront Specialty are regulated by the City of Seattle's commercial shoreline land use policy. The intended use of this policy is to support and preserve the continued use of suitable shoreline areas for water dependent uses and related businesses. Factors included in this revalue along with the shoreline policy were location, zoning, lot size, front footage and related available data for the individual properties. The new land values were derived considering these factors when reviewing the vacant land and improved sales.

For land valuation purposes, the assessor used GIS (Geographic Information System) as the primary tool to establish new assessed land values.

The recommended land value for the 2005 Assessment year (taxes payable in 2006) results in an average total change from the 2004 Assessments of +12.35%. The total land assessed value for the 2004 Assessment year for Area 12 was \$1,597,344,700 and the total recommended land assessed value for the 2005 Assessment year is \$1,794,634,600.

## **Improved Parcel Total Values:**

### ***Sales comparison approach model description***

The model for sales comparison was based on several data sources from the Assessor's records including LUC (land use code), net rentable area, effective year, condition, and sales price/rentable area. A search was made on data that most closely fit a subject property within each geographic area. All sales were verified when possible by calling either the purchaser, seller or agent, inquiring in the field, or using the CoStar COMPS services. Characteristic data was verified for all sales if possible. A list of the sales are included within this report.

### ***Sales comparison calibration:***

After an initial search for comparable sales within each geographic area, a search is made in neighboring areas and expanded to include all of King County if necessary.

### ***Cost approach model description***

A cost approach was available using the Marshall & Swift Commercial Estimator. Depreciation was also based on studies done by Marshall & Swift Valuation Service. The cost was adjusted to the western region and the Seattle area.

### ***Cost calibration:***

Each appraiser valuing by cost can individually calibrate Marshall-Swift valuations to specific buildings in our area by accessing the parcel computerized valuation model supplied by Marshall & Swift.

### ***Income Capitalization Approach Model Description***

The specialty properties were related to similar waterfront properties when ever possible. Income data for established improved properties within the shoreline area, including office buildings and restaurants, were derived considering upland improved properties when appropriate.

### ***Income approach calibration:***

The models were calibrated after setting the base rents by using adjustments based on size, effective age, construction class and quality as recorded in the Assessor's records. The individual property valuation information is available within Assessor records. Additional factors considered were excess land, economic units, or unique features with the property.

### ***Reconciliation and or validation study of calibrated value models including ratio study of hold out samples.***

The values for all parcels were individually reviewed by the specialty appraiser before the final value was selected.

## **Model Validation**

### ***Total Value Conclusions, Recommendations and Validation:***

Appraiser judgment prevails in all decisions regarding individual parcel valuation. Each parcel is reviewed and a value selected based on general and specific data pertaining to the parcel, the neighborhood, and the market. The Appraiser determines which available value estimate may be appropriate and may adjust particular characteristics and conditions as they occur in the valuation area.

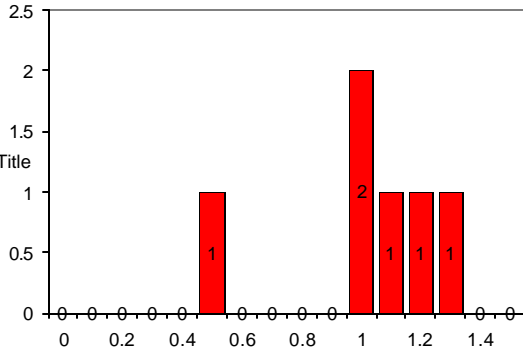
*The Specialty Appraiser recommends application of the Appraiser selected values, as indicated by the appropriate model or method.*

The total assessed value for the 2004 assessment year for the Waterfront Specialty properties was \$1,830,011,600. The total assessed value for the new 2005 assessment year is \$2,025,969,400. The total increased by \$195,957,800.

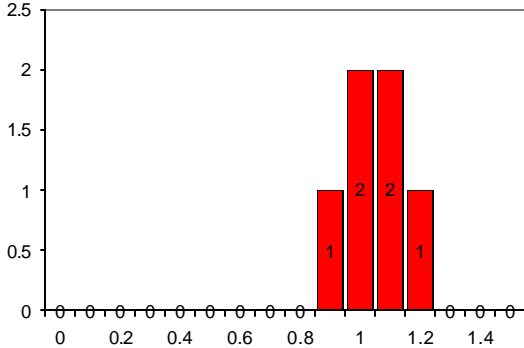
Application of the values for the 2005 assessment year (taxes payable in 2006) results in an average total increase from the 2004 assessments of 10.71%.

**Note:** More details and information regarding aspects of the valuations and the report are retained in the working files and folios kept in the appropriate district office.

## Improvement Ratio Study (Before Revalue) 2004 Assessments

Quadrant/Crew:	Lien Date:	Date:	Sales Dates:		
East Crew	1/1/2004	6/13/2005	9/3/02 - 12/9/04		
Area	Appr ID:	Prop Type:	Trend used?: Y / N		
12	EPRE	Improvement	N		
SAMPLE STATISTICS					
Sample size (n)	6	<div>Ratio Frequency</div> 			
Mean Assessed Value	3,261,400				
Mean Sales Price	3,193,000				
Standard Deviation AV	2,739,045				
Standard Deviation SP	2,629,894				
ASSESSMENT LEVEL					
Arithmetic mean ratio	0.971	<div>Axis Title</div>			
Median Ratio	1.042				
Weighted Mean Ratio	1.021				
UNIFORMITY					
Lowest ratio	0.4150				
Highest ratio:	1.2165				
Coefficient of Dispersion	18.90%				
Standard Deviation	0.2953				
Coefficient of Variation	30.40%				
Price-related Differential	0.95				
RELIABILITY					
95% Confidence: Median		<div>These figures reflect measurements before posting new values.</div>			
Lower limit	0.415				
Upper limit	1.217				
95% Confidence: Mean					
Lower limit	0.735				
Upper limit	1.208				
SAMPLE SIZE EVALUATION					
N (population size)	310				
B (acceptable error - in decimal)	0.05				
S (estimated from this sample)	0.2953				
Recommended minimum:	96				
Actual sample size:	6				
Conclusion:	Uh-oh				
NORMALITY					
Binomial Test					
# ratios below mean:	2				
# ratios above mean:	4				
z:	0.40824829				
Conclusion:	Normal*				
*i.e., no evidence of non-normality					

## Improvement Ratio Study (After Revalue) 2005 Assessments

Quadrant/Crew:	Lien Date:	Date:	Sales Dates:
East Crew	1/1/2005	6/15/2005	9/3/02 - 12/9/04
Area	Appr ID:	Prop Type:	Trend used?: Y / N
12	EPRE	Improvement	N
SAMPLE STATISTICS			
Sample size (n)	6	<div>Ratio Frequency</div> 	
Mean Assessed Value	3,297,300		
Mean Sales Price	3,193,000		
Standard Deviation AV	2,592,712		
Standard Deviation SP	2,629,894		
ASSESSMENT LEVEL			
Arithmetic mean ratio	1.038	<div>These figures reflect measurements <u>after</u> posting new values.</div>	
Median Ratio	1.037		
Weighted Mean Ratio	1.033		
UNIFORMITY			
Lowest ratio	0.8978		
Highest ratio:	1.1892		
Coefficient of Dispersion	8.32%		
Standard Deviation	0.1056		
Coefficient of Variation	10.17%		
Price-related Differential	1.01		
RELIABILITY			
95% Confidence: Median			
Lower limit	0.898		
Upper limit	1.189		
95% Confidence: Mean			
Lower limit	0.953		
Upper limit	1.122		
SAMPLE SIZE EVALUATION			
N (population size)	310		
B (acceptable error - in decimal)	0.05		
S (estimated from this sample)	0.1056		
Recommended minimum:	17		
Actual sample size:	6		
Conclusion:	Uh-oh		
NORMALITY			
Binomial Test			
# ratios below mean:	3		
# ratios above mean:	3		
z:	-0.40824829		
Conclusion:	Normal*		
*i.e., no evidence of non-normality			

## Improvement Sales Used for Area 012 – Waterfront Specialty

Account #	Property Name	Total NRA	E xcise #	Sale Price	Sale Date	WTFT	Zone	Par. Ct.	Remarks
0467000950	AZTECA RESTAURANT	9,601	2076553	\$1,400,000	10/13/04	200	C1-40	1	Restaurant/ moorage
1176001350	Ballard Bait Restaurant/Offices	2,576	2089192	\$1,125,000	12/09/04	70	C1-30	1	Restaurant/ office
1176001395	CANAL RESTAURANT	7,543	1935995	\$1,800,000	01/28/03	300	C1-40	1	Restaurant
2771605265	MANEY SEAFOOD BUSINESS	44,492	2068228	\$5,000,000	08/30/04	850	IG1 U/45	1	Manufacturing use
4088803770	MARINA MART MOORAGE	30,900	1908078	\$11,307,405	09/03/02	675	C2-40	3	Retail / moorage
7442000705	FLOHR METAL FABRICATORS	42,176	1969974	\$2,092,895	06/16/03	755	IG2 U/65	1	Manufacturing use
4088801100	BOAT SREET LANDING	0	1886159	\$1,100,000	05/17/02	113	IC-45	1	Land Sale